



W.P.No.22649 of 2017

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 27.02.2026

CORAM

THE HONOURABLE MR.JUSTICE **HEMANT CHANDANGOUDAR**

W.P.No.22649 of 2017

1. S.Thiagarajan
(Deceased)
S/o.V.Srinivasan
2. T.Sethumeenakshi
W/o.Late S.Thiagarajan
3. T.Manjula
D/o.Late S.Thiagarajan
4. T.Harini,
D/o.Late S.Thiagarajan

... Petitioners

* P2 to P4 substituted as legal representatives of deceased
sole petitioner vide order dated 03.08.2023 in
W.M.P.No.8717 of 2022 in W.P.No.22649 of 2017

vs.

1. The State Bank of India
Represented by its General Manager
Circle Top House
16, College Lane
Chennai-600 006.
2. The Chief General Manager and
Appellate Authority

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HR Department
Circle Top House,
16, College Lane,
Chennai-600 006.

... Respondents

Writ Petition filed under Article 226 of the Constitution of India seeking a Writ of Certiorari, to call for the records of the proceedings of the order dated 29.05.2017 bearing No.A&R:66 on the file of the 2nd respondent and to quash the same as illegal and without jurisdiction.

For Petitioners : Ms.V.Srimathi
For Respondents : Mr.S.Ravindran
Senior Advocate
representing Mr.B.Raghavalu Naidu,
for R2
R1 – Served – No appearance

ORDER

It is pertinent to note that the sole writ petitioner is no longer alive. The present writ petition is, therefore, being prosecuted by the legal representatives of the deceased sole writ petitioner, who have been impleaded as petitioners 2 to 4.

2. The deceased first petitioner challenged the order dated 29.05.2017 passed by the second respondent, whereby the order of dismissal passed by



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the first respondent dismissing the deceased petitioner from service was confirmed.

3. The deceased petitioner, while serving as Branch Manager, was issued a charge memo dated 21.02.1998 alleging that he had discounted bills to the extent of Rs.4.92 crores in favour of M/s. Prithvi Exports, though the sanctioned limit was only Rs.50 lakhs. It was further alleged that the said transactions were carried out within a short span of 40 days; that bills aggregating to Rs.1.61 crores presented by M/s.Prithvi Exports were rejected due to discrepancies in the supporting documents; that the petitioner permitted the said firm to draw amounts without adequate stock backing; and that, as on the date of dismissal, the loss caused to the Bank was Rs.2.50 crores.

4. The petitioner submitted a reply to the show cause notice denying the charges, pursuant to which departmental proceedings were initiated. Before the Enquiry Officer, the Presenting Officer examined two witnesses, namely M.W.1 and M.W.2, and marked documents as Exs.M.E.1 to M.E.30.



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On the side of the petitioner, the Chief Manager, SBT, Tiruppur, was examined as D.W.1 and documents were marked as Exs.D.E.1 to D.E.11.

5. The Enquiry Officer, upon appreciation of the oral and documentary evidence on record, returned a finding that Charges 1, 5 and 6 were partly proved; Charges 2, 3, 7, 8 and 9 were proved; and Charge No.4 was not proved. Thereafter, a second show cause notice was issued to the petitioner calling upon him to show cause as to why the findings of the Enquiry Officer should not be accepted and appropriate punishment imposed. The petitioner submitted a further explanation dated 28.07.1999, challenging the findings of the Enquiry Officer.

6. The first respondent, after considering the enquiry report and the further explanation submitted by the petitioner, passed an order dated 14.05.2001 dismissing the petitioner from service. The said order of dismissal was confirmed by the Appellate Authority, namely the second respondent, by order dated 09.10.2002. The said order was challenged before this Court in W.P. No.5842 of 2003. By order dated 11.01.2017, this



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Court set aside the order passed by the Appellate Authority on the ground that it was not a speaking order and directed the second respondent to dispose of the appeal afresh in accordance with law. Pursuant thereto, the second respondent passed the impugned order once again confirming the order of dismissal.

7. Ms. V. Srimathi, learned counsel for the petitioners, submitted that the impugned order passed by the Appellate Authority is not a speaking order and is not in conformity with the directions issued by this Court to pass a fresh order. She further submitted that no satisfactory oral evidence was adduced to substantiate the allegations against the petitioner and that the respondent Bank failed to produce any cogent material to establish that the petitioner had caused a loss of approximately Rs.2.50 crores to the Bank. In the absence of proof of any actual monetary loss, the punishment of dismissal is grossly disproportionate to the alleged misconduct.

8. The learned counsel further contended that the case was treated as a “Vigilance” matter and was referred to the Central Vigilance Commission



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for consultation. It was submitted that though the Bank had recommended the imposition of a lesser penalty, the Central Vigilance Commission advised a harsher penalty, which was mechanically adopted by the Disciplinary Authority without independent application of mind. It was therefore argued that the findings of the Enquiry Officer are perverse and arbitrary and that, in such circumstances, the impugned order of dismissal is liable to be interfered with by this Court.

9. In support of her submission, the learned counsel placed reliance on the following decisions:

(a) *Om Kumar Vs. Union of India, (2001) 2 SCC 386;*

(b) *Deputy General Manager Vs. Ajai Kumar Srivastava, (2021) 2 SCC 612;*

(c) *SBI Vs. T.J.Paul, (1999) 4 SCC 759.*

10. In response, Mr. S. Ravindran, learned Senior Counsel appearing on behalf of the respondent Bank, submitted that the order of dismissal was passed on the basis of the evidence available on record and that, in the



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absence of any perversity or arbitrariness, the findings returned by the Enquiry Officer cannot be interfered with in the exercise of powers under Article 226 of the Constitution of India. He further submitted that the punishment of dismissal is proportionate to the gravity of the misconduct and cannot be termed disproportionate unless it shocks the conscience of the Court. According to the learned Senior Counsel, the likelihood of serious financial loss, coupled with negligence on the part of the petitioner, constitutes major misconduct warranting dismissal.

11. In support of his submissions, the learned Senior Counsel placed reliance on the following decisions :

(a) *Deputy General Manager (Appellate Authority) and others Vs. Ajai Kumar Srivastava, MANU/SC/0005/2021 : (2021) 2 SCC 612;*

(b) *B.C.Chaturvedi Vs. Union of India (UOI) and Others, MANU/SC/0118/1996;*

(c) *Disciplinary Authority-cum-Regional Manager and Others Vs. Nikunja Bihari Patnaik, MANU/SC/1578/1996 : (1996) 9 SCC 69;*

(d) *State Bank of India and others Vs. T.J.Paul,*



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MANU/SC/0313/1999 : 1999 (4) SCC 759;

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12. The submissions advanced by the learned counsel on either side and the materials available on record have been duly considered.

13. The contention of the petitioner that the enquiry stands vitiated on account of non-examination of witnesses to prove the allegations based on documentary evidence is misconceived. The Presenting Officer examined two witnesses, namely M.W.1 and M.W.2, and the documents were marked through them.

14. With regard to Charge No.1, the allegation relates to negotiation of third-party export bills under Letters of Credit transferred in favour of M/s. Prithvi Exports. The proceeds were credited to the said unit despite shipment having been effected by third parties. The petitioner allegedly failed to ensure strict compliance with the terms of the Letters of Credit and the Bank's guidelines. The Enquiry Officer recorded a finding that, in respect of Bill Nos.192 and 193, the Letters of Credit originally stood in the name of M/s. Star Collection and were subsequently transferred in full to

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M/s. Prithvi Exports. M/s. Cathay International was the third party, negotiating its bills and crediting the proceeds to the account of M/s. Prithvi Exports were held to be irregular.

15. Charge No.2 relates to the failure of the petitioner to verify stock statements and properly regulate the Drawing Power Register. The Enquiry Officer held that goods financed under Inland Letters of Credit were included while computing the Drawing Power, resulting in double financing to the extent covered under the Letters of Credit. The finding was confined to the specific Inland Letters of Credit referred to in the charge.

16. Charge No.3 concerns alleged double financing under Inland Letters of Credit. The Enquiry Officer observed that goods purchased under an Inland Letter of Credit for Rs.10 lakhs were included while calculating the Drawing Power. After excluding unpaid stock and applying the prescribed margin, the Drawing Power was calculated at Rs.45 lakhs, whereas the outstanding amount was Rs.50 lakhs, rendering the account irregular to the extent of Rs.5 lakhs. As the Bank established only the specific Inland Letter of Credit for Rs.10 lakhs, the charge was held to be



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partly proved.

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17. Charge No.4 pertains to alleged diversion of funds. The Enquiry Officer held that the firms involved were engaged in similar export businesses and that commercial transactions between such firms were possible in the ordinary course. In the absence of evidence establishing actual diversion of funds, Charge No.4 was held not proved.

18. Charge No.5 relates to non-adherence to the conditions governing transfer of Letters of Credit. The Enquiry Officer held the charge to be partly proved, observing that the PC Register was not properly maintained. As on 10.01.1997, six unexpired Inland Letters of Credit aggregated to Rs.56.46 lakhs; after applying the prescribed 25% margin, the Drawing Power worked out to approximately Rs.44.77 lakhs. Since the outstanding amount was Rs.50 lakhs, the account was irregular to the extent of Rs.5.23 lakhs.

19. Charge No.6 concerns acceptance of discrepant documents. The Enquiry Officer observed that Circular 7/96 permitted negotiation beyond the sanctioned limit only if the Letters of Credit were opened by first-class



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banks. The petitioner negotiated bills drawn on non-first-class banks, thereby exceeding his discretionary powers. Further, he failed to report the excess discounting to the controlling authority. Accordingly, this charge was held to be partly proved.

20. Charge No.7 relates to failure to safeguard the Bank's interest. The Enquiry Officer held that this charge was not proved.

21. Charge No.8 pertains to irregular regulation of Drawing Power. The Enquiry Officer held that the petitioner failed to properly supervise and regulate the account in accordance with prescribed norms, sanctioned terms and internal circular instructions. It was further held that the irregular handling of the account exposed the Bank to financial risk; accordingly, the charge was held to be fully proved.

22. Charge No.9 relates to conduct prejudicial to the interest of the Bank. The Enquiry Officer held that, in view of the irregularities established under the earlier charges, the petitioner failed to discharge his duties with due diligence and acted in a manner prejudicial to the interest of the Bank.



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Since the substantive charges were proved, this consequential charge was also held to be fully proved.

23. The first respondent, upon consideration of the enquiry report and the further explanation submitted by the petitioner, concluded that the petitioner was grossly negligent in the discharge of his duties. It was observed that the lapses were serious in nature and largely attributable to his failure to adhere to the Bank's instructions governing advance accounts, as a result of which the Bank was exposed to a likely loss of approximately Rs.2.50 crores. The findings of the Enquiry Officer were held to be based on the evidence on record and not arbitrary, perverse or unsupported by material evidence. In such circumstances, it was observed that the findings could not be interfered with in exercise of powers under Article 226 of the Constitution of India.

24. Pursuant to the earlier order of remand, the Appellate Authority passed a detailed order dismissing the appeal preferred by the petitioner and confirming the order of dismissal passed by the Disciplinary Authority. Reasons were assigned for accepting the findings and rejecting the grounds



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of appeal. The petitioner, however, contends that having rendered long years of service and in view of his demise, leaving his legal representatives without means of livelihood, the punishment of dismissal is disproportionate to the gravity of the misconduct.

25. In the decisions relied upon by the learned counsel for the respondents, the Hon'ble Supreme Court has held that interference with the quantum of punishment is warranted only where the punishment is shockingly disproportionate to the gravity of the misconduct, and that substitution of a lesser penalty is permissible only in exceptional circumstances.

26. In *T.J. Paul*, the Hon'ble Supreme Court held that any act prejudicial to the interest of the Bank, or gross negligence involving or likely to involve the Bank in serious loss, constitutes gross misconduct. In other words, the likelihood of serious loss coupled with negligence is sufficient to bring the case within the ambit of gross misconduct, and dismissal in such circumstances was upheld.



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27. In the present case, the Disciplinary Authority concluded that, on account of the petitioner's gross negligence, the Bank was exposed to a likely loss of Rs.2.50 crores. It was observed that had the petitioner exercised due care, diligence and adhered to the Bank's instructions, such exposure could have been avoided. The Disciplinary Authority further held that permitting an officer, who by culpable negligence and dereliction of duty exposed the Bank to substantial financial risk, to continue in service would be detrimental to the interests of the institution. After considering all relevant factors while assessing proportionality, the penalty of dismissal was imposed. In exercise of jurisdiction under Article 226 of the Constitution of India, this Court would interfere with the quantum of punishment only if it shocks the conscience of the Court. In the facts of the present case, the impugned order of dismissal cannot be said to be disproportionate to the gravity of the misconduct.

28. In *Nikunja Bihari Patnaik*, the Hon'ble Supreme Court held that the conduct of a Branch Manager in acting beyond his authority may warrant dismissal, even if such excess exercise of authority results in profit, and that proof of actual loss is not necessary.



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29. In ***T.J. Paul***, the Hon'ble Supreme Court reiterated that the likelihood of serious loss coupled with negligence constitutes major misconduct.

30. In ***Ajai Kumar Srivastava***, the Hon'ble Supreme Court held that the Appellate Authority is not required to write a judgment akin to that of a court; application of mind to the grounds of appeal would suffice.

31. In light of the foregoing discussion, this Court is of the considered view that the findings returned by the Enquiry Officer are based on the evidence available on record. In the absence of arbitrariness or perversity, such findings cannot be interfered with. Further, the Disciplinary Authority has recorded that, on account of the petitioner's misconduct, the Bank was exposed to a likely loss of Rs.2.50 crores and that such misconduct warranted dismissal. The punishment imposed cannot be said to be shockingly disproportionate to the gravity of the misconduct. Accordingly, the impugned order of dismissal does not warrant interference.



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32. In the result, the writ petition is devoid of merit and is accordingly dismissed. There shall be no order as to costs.

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Index : Yes / No

Neutral Citation : Yes / No

Speaking / Non-speaking

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To

1. The General Manager
State Bank of India
Circle Top House
16, College Lane
Chennai-600 006.
2. The Chief General Manager and
Appellate Authority
HR Department
Circle Top House,
16, College Lane,
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HEMANT CHANDANGOUDAR, J.,

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